

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

WILLIAM T. WHITMAN, individually and on behalf of all others similarly situated,

No. 3:19-cv-06025-BJR

DECLARATION OF JONATHAN JACK

Plaintiff,

V.

STATE FARM LIFE INSURANCE COMPANY,
an Illinois corporation

Defendant.

1 I, Jonathan Jack, have personal knowledge of the information below and declare as follows:

2 1. I am an independent contractor agent for State Farm Mutual Automobile Insurance
3 Company (“State Farm”), the parent of State Farm Life Insurance Company (“State Farm Life”), in
4 Washington.

5 2. I am not an employee of State Farm.

6 3. As an independent contractor agent for State Farm, I provide information to potential
7 policyholders on the many products State Farm offers that help people manage the risks of everyday
8 life and recover from the unexpected so that potential policyholders can select the products of their
9 choice. I provide information about insurance, the risks that make it necessary, how to protect
10 individuals and their property from those risks, and how to help individuals achieve important goals
11 for themselves and their families.

12 4. I am licensed to market, solicit, and service insurance in Washington. I have been an
13 independent contractor agent for State Farm since 2001.

14 5. I hold a Chartered Financial Consultant certification.

15 6. I understand that this lawsuit involves claims against State Farm Life relating to the
16 Universal Life insurance policy issued on Form 94030, which was sold in Washington between 1994
17 and 2004 (“the Policy” or “Universal Life”).

18 7. I purchased the Policy for my wife, my children, and myself in 2002. I purchased these
19 Policies because it is one of the best ways to protect against income loss from premature death for the
20 long-term. When I bought the Policy, I understood that the Policy’s cost of insurance rate took into
21 account State Farm Life’s need to make a profit and the costs of State Farm Life running its business.
22 I also understood that I was assigned a cost of insurance rate based on my age on the Policy’s
23 anniversary date, sex, and applicable rate class. I had this understanding because I am in the business
24 of selling the Policy and I read the details of the Policy.

25 8. My policyholder base is largely composed of policyholders over 55 years of age. This
26 is because Sequim, Washington has a large senior population. But even within my policyholder base
27 of individuals over 55 years of age, the potential policyholders with whom I interacted were different

1 in terms of the types of insurance products they needed, their familiarity with life insurance products
 2 based upon past experience, why they were interested in life insurance, and their purpose for
 3 purchasing life insurance. And, I also marketed insurance to younger people who were just starting
 4 out in their careers, getting married, and having families.

5 9. It is my custom and practice that when I market insurance, I generally start by asking
 6 the potential policyholder what their needs and goals are. Some policyholders want to purchase life
 7 insurance to protect their income to ensure debts and educational expenses for their children will be
 8 taken care of in their absence; others, like me, want to protect their income generally; and, finally,
 9 some want to make sure that their funeral arrangements are taken care of in advance of their passing.

10 10. Most policyholders during the relevant time period did not come into my office and ask
 11 specifically about Universal Life. In my experience, most people did not even know about Universal
 12 Life insurance and, instead, asked for a whole life insurance policy. It is my custom and practice that,
 13 after I assessed each potential policyholder's needs, I provided information on the benefits and features
 14 of both whole life and Universal Life when the person was looking for a longer-term policy. In my
 15 opinion, term life insurance is better for shorter needs as opposed to Universal Life, which is better
 16 for more long-term planning. But it was up to the potential policyholder to decide for themselves
 17 which insurance product best met his or her needs. I provided information about available products,
 18 so the potential policyholder could make his or her choice.

19 11. I most frequently provided information about Universal Life during this time to persons
 20 who wanted to plan for their futures at a young age. This is because Universal Life is most cost
 21 effective when the policyholder starts the Policy at a young age.

22 12. Many of the potential policyholders I marketed Universal Life to were married persons
 23 with a family who were concerned about long-term financial obligations.

24 13. When explaining how the Policy worked, it was my custom and practice during the
 25 relevant period to inform policyholders that each month they would contribute a premium amount. I
 26 would also generally explain that one component of the cost of running the Policy—specifically, the
 27 cost of insurance—was deducted from the Policy's account value as part of the monthly deductions.

1 Then, after explaining the monthly deductions, I would explain that the account value earns interest. I
 2 showed potential policyholders an illustration that included information about the age, sex, and likely
 3 rate class of the person whose life would be insured.

4 14. It was my custom and practice to discuss the cost of insurance broadly, stating that, as
 5 a general matter, a cost of insurance deduction would be made from the Policy's account value each
 6 month and the premium expense charge of 5% would be deducted from each premium paid.

7 15. Sometimes, I would provide policyholders with a marketing brochure not specific to
 8 any policyholder created by State Farm Life that explained how a Universal Life policy worked. But
 9 how and when I used it and the conversations I had about it varied depending upon the potential
 10 policyholder. This brochure showed the monthly deductions taken out of the Policy's account value,
 11 which included the cost of insurance charges, monthly charges for any riders, and the monthly expense
 12 charge.

13 16. It was also my custom and practice when I marketed Universal Life during the relevant
 14 period to explain that the Policy's account value would earn interest. I explained that the Policy
 15 provided a minimum guaranteed interest rate of 4%, that the account value earns interest at the current
 16 rate, which may be higher than the guaranteed minimum. Using State Farm Life programs, I produced
 17 an illustration that demonstrated how those interest rates would help to grow the account value of their
 18 Policies over time. The illustration showed that the account value would grow at a certain minimum
 19 rate if the guaranteed minimum interest rate applied, and that it could grow at a faster rate if a higher
 20 interest rate applied.

21 17. In my experience, most policyholders were focused on their monthly premium
 22 payments and the amount of death benefit payable to beneficiaries. I do not recall policyholders
 23 specifically asking me about the cost of insurance rates when I marketed the Policies to them.

24 18. However, it was my custom and practice during the relevant period to talk to people
 25 about how their cost of insurance rates would be different based on the age, sex, and health
 26 characteristics of the person whose life would be insured and State Farm Life's underwriting process.
 27 For example, if a policyholder had an underlying chronic health condition or was a smoker, it was my

1 custom and practice during the relevant period to explain that their cost of insurance rate might be
2 higher than a person in better health. I did not want a policyholder to have unreasonable expectations
3 about their cost of insurance rate and cost of insurance monthly deduction.

4 19. It was my impression that the people I spoke to understood that their cost of insurance
5 rate was assigned to them based on the individual characteristics of the person whose life was insured.

6 20. Occasionally, I had a few policyholders contact me after they purchased their Policy to
7 discuss the Policy's annual notice. These policyholders had questions about the monthly deductions.
8 That notice provided information about the monthly deductions, including the cost of insurance
9 monthly deductions. These policyholders included those who took out loans against the Policy and
10 were looking at the annual notices with more detail.

1 I declare under the penalty of perjury under the laws of the United States of America that the
2 foregoing is true and correct.

3 Executed this 26th of March, 2021 in Sequim, Washington.

4 
5

6 Jonathan Jack
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27